



## 95TH GENERAL ASSEMBLY

### State of Illinois

2007 and 2008

SB1692

Introduced 2/9/2007, by Sen. Don Harmon

#### SYNOPSIS AS INTRODUCED:

35 ILCS 110/2  
35 ILCS 115/2

from Ch. 120, par. 439.32  
from Ch. 120, par. 439.102

Amends the Service Use Tax Act and the Service Occupation Tax Act. In the definitions of "sale of service" under the Acts, deletes the requirement that the treatment of certain sales apply only to servicemen who are not required to be otherwise registered as a retailer under the Retailers' Occupation Tax Act. Effective immediately.

LRB095 09550 BDD 29749 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The Service Use Tax Act is amended by changing  
5 Section 2 as follows:

6 (35 ILCS 110/2) (from Ch. 120, par. 439.32)

7 Sec. 2. "Use" means the exercise by any person of any right  
8 or power over tangible personal property incident to the  
9 ownership of that property, but does not include the sale or  
10 use for demonstration by him of that property in any form as  
11 tangible personal property in the regular course of business.  
12 "Use" does not mean the interim use of tangible personal  
13 property nor the physical incorporation of tangible personal  
14 property, as an ingredient or constituent, into other tangible  
15 personal property, (a) which is sold in the regular course of  
16 business or (b) which the person incorporating such ingredient  
17 or constituent therein has undertaken at the time of such  
18 purchase to cause to be transported in interstate commerce to  
19 destinations outside the State of Illinois.

20 "Purchased from a serviceman" means the acquisition of the  
21 ownership of, or title to, tangible personal property through a  
22 sale of service.

23 "Purchaser" means any person who, through a sale of

1 service, acquires the ownership of, or title to, any tangible  
2 personal property.

3 "Cost price" means the consideration paid by the serviceman  
4 for a purchase valued in money, whether paid in money or  
5 otherwise, including cash, credits and services, and shall be  
6 determined without any deduction on account of the supplier's  
7 cost of the property sold or on account of any other expense  
8 incurred by the supplier. When a serviceman contracts out part  
9 or all of the services required in his sale of service, it  
10 shall be presumed that the cost price to the serviceman of the  
11 property transferred to him or her by his or her subcontractor  
12 is equal to 50% of the subcontractor's charges to the  
13 serviceman in the absence of proof of the consideration paid by  
14 the subcontractor for the purchase of such property.

15 "Selling price" means the consideration for a sale valued  
16 in money whether received in money or otherwise, including  
17 cash, credits and service, and shall be determined without any  
18 deduction on account of the serviceman's cost of the property  
19 sold, the cost of materials used, labor or service cost or any  
20 other expense whatsoever, but does not include interest or  
21 finance charges which appear as separate items on the bill of  
22 sale or sales contract nor charges that are added to prices by  
23 sellers on account of the seller's duty to collect, from the  
24 purchaser, the tax that is imposed by this Act.

25 "Department" means the Department of Revenue.

26 "Person" means any natural individual, firm, partnership,

1 association, joint stock company, joint venture, public or  
2 private corporation, limited liability company, and any  
3 receiver, executor, trustee, guardian or other representative  
4 appointed by order of any court.

5 "Sale of service" means any transaction except:

6 (1) a retail sale of tangible personal property taxable  
7 under the Retailers' Occupation Tax Act or under the Use  
8 Tax Act.

9 (2) a sale of tangible personal property for the  
10 purpose of resale made in compliance with Section 2c of the  
11 Retailers' Occupation Tax Act.

12 (3) except as hereinafter provided, a sale or transfer  
13 of tangible personal property as an incident to the  
14 rendering of service for or by any governmental body, or  
15 for or by any corporation, society, association,  
16 foundation or institution organized and operated  
17 exclusively for charitable, religious or educational  
18 purposes or any not-for-profit corporation, society,  
19 association, foundation, institution or organization which  
20 has no compensated officers or employees and which is  
21 organized and operated primarily for the recreation of  
22 persons 55 years of age or older. A limited liability  
23 company may qualify for the exemption under this paragraph  
24 only if the limited liability company is organized and  
25 operated exclusively for educational purposes.

26 (4) a sale or transfer of tangible personal property as

1 an incident to the rendering of service for interstate  
2 carriers for hire for use as rolling stock moving in  
3 interstate commerce or by lessors under a lease of one year  
4 or longer, executed or in effect at the time of purchase of  
5 personal property, to interstate carriers for hire for use  
6 as rolling stock moving in interstate commerce so long as  
7 so used by such interstate carriers for hire, and equipment  
8 operated by a telecommunications provider, licensed as a  
9 common carrier by the Federal Communications Commission,  
10 which is permanently installed in or affixed to aircraft  
11 moving in interstate commerce.

12 (4a) a sale or transfer of tangible personal property  
13 as an incident to the rendering of service for owners,  
14 lessors, or shippers of tangible personal property which is  
15 utilized by interstate carriers for hire for use as rolling  
16 stock moving in interstate commerce so long as so used by  
17 interstate carriers for hire, and equipment operated by a  
18 telecommunications provider, licensed as a common carrier  
19 by the Federal Communications Commission, which is  
20 permanently installed in or affixed to aircraft moving in  
21 interstate commerce.

22 (4a-5) on and after July 1, 2003 and through June 30,  
23 2004, a sale or transfer of a motor vehicle of the second  
24 division with a gross vehicle weight in excess of 8,000  
25 pounds as an incident to the rendering of service if that  
26 motor vehicle is subject to the commercial distribution fee

1 imposed under Section 3-815.1 of the Illinois Vehicle Code.  
2 Beginning on July 1, 2004 and through June 30, 2005, the  
3 use in this State of motor vehicles of the second division:  
4 (i) with a gross vehicle weight rating in excess of 8,000  
5 pounds; (ii) that are subject to the commercial  
6 distribution fee imposed under Section 3-815.1 of the  
7 Illinois Vehicle Code; and (iii) that are primarily used  
8 for commercial purposes. Through June 30, 2005, this  
9 exemption applies to repair and replacement parts added  
10 after the initial purchase of such a motor vehicle if that  
11 motor vehicle is used in a manner that would qualify for  
12 the rolling stock exemption otherwise provided for in this  
13 Act. For purposes of this paragraph, "used for commercial  
14 purposes" means the transportation of persons or property  
15 in furtherance of any commercial or industrial enterprise  
16 whether for-hire or not.

17 (5) a sale or transfer of machinery and equipment used  
18 primarily in the process of the manufacturing or  
19 assembling, either in an existing, an expanded or a new  
20 manufacturing facility, of tangible personal property for  
21 wholesale or retail sale or lease, whether such sale or  
22 lease is made directly by the manufacturer or by some other  
23 person, whether the materials used in the process are owned  
24 by the manufacturer or some other person, or whether such  
25 sale or lease is made apart from or as an incident to the  
26 seller's engaging in a service occupation and the

1 applicable tax is a Service Use Tax or Service Occupation  
2 Tax, rather than Use Tax or Retailers' Occupation Tax.

3 (5a) the repairing, reconditioning or remodeling, for  
4 a common carrier by rail, of tangible personal property  
5 which belongs to such carrier for hire, and as to which  
6 such carrier receives the physical possession of the  
7 repaired, reconditioned or remodeled item of tangible  
8 personal property in Illinois, and which such carrier  
9 transports, or shares with another common carrier in the  
10 transportation of such property, out of Illinois on a  
11 standard uniform bill of lading showing the person who  
12 repaired, reconditioned or remodeled the property to a  
13 destination outside Illinois, for use outside Illinois.

14 (5b) a sale or transfer of tangible personal property  
15 which is produced by the seller thereof on special order in  
16 such a way as to have made the applicable tax the Service  
17 Occupation Tax or the Service Use Tax, rather than the  
18 Retailers' Occupation Tax or the Use Tax, for an interstate  
19 carrier by rail which receives the physical possession of  
20 such property in Illinois, and which transports such  
21 property, or shares with another common carrier in the  
22 transportation of such property, out of Illinois on a  
23 standard uniform bill of lading showing the seller of the  
24 property as the shipper or consignor of such property to a  
25 destination outside Illinois, for use outside Illinois.

26 (6) until July 1, 2003, a sale or transfer of

1 distillation machinery and equipment, sold as a unit or kit  
2 and assembled or installed by the retailer, which machinery  
3 and equipment is certified by the user to be used only for  
4 the production of ethyl alcohol that will be used for  
5 consumption as motor fuel or as a component of motor fuel  
6 for the personal use of such user and not subject to sale  
7 or resale.

8 (7) at the election of any serviceman ~~not required to~~  
9 ~~be otherwise registered as a retailer under Section 2a of~~  
10 ~~the Retailers' Occupation Tax Act,~~ made for each fiscal  
11 year sales of service in which the aggregate annual cost  
12 price of tangible personal property transferred as an  
13 incident to the sales of service is less than 35%, or 75%  
14 in the case of servicemen transferring prescription drugs  
15 or servicemen engaged in graphic arts production, of the  
16 aggregate annual total gross receipts from all sales of  
17 service. The purchase of such tangible personal property by  
18 the serviceman shall be subject to tax under the Retailers'  
19 Occupation Tax Act and the Use Tax Act. However, if a  
20 primary serviceman who has made the election described in  
21 this paragraph subcontracts service work to a secondary  
22 serviceman who has also made the election described in this  
23 paragraph, the primary serviceman does not incur a Use Tax  
24 liability if the secondary serviceman (i) has paid or will  
25 pay Use Tax on his or her cost price of any tangible  
26 personal property transferred to the primary serviceman



1 and (ii) certifies that fact in writing to the primary  
2 serviceman.

3 Tangible personal property transferred incident to the  
4 completion of a maintenance agreement is exempt from the tax  
5 imposed pursuant to this Act.

6 Exemption (5) also includes machinery and equipment used in  
7 the general maintenance or repair of such exempt machinery and  
8 equipment or for in-house manufacture of exempt machinery and  
9 equipment. For the purposes of exemption (5), each of these  
10 terms shall have the following meanings: (1) "manufacturing  
11 process" shall mean the production of any article of tangible  
12 personal property, whether such article is a finished product  
13 or an article for use in the process of manufacturing or  
14 assembling a different article of tangible personal property,  
15 by procedures commonly regarded as manufacturing, processing,  
16 fabricating, or refining which changes some existing material  
17 or materials into a material with a different form, use or  
18 name. In relation to a recognized integrated business composed  
19 of a series of operations which collectively constitute  
20 manufacturing, or individually constitute manufacturing  
21 operations, the manufacturing process shall be deemed to  
22 commence with the first operation or stage of production in the  
23 series, and shall not be deemed to end until the completion of  
24 the final product in the last operation or stage of production  
25 in the series; and further, for purposes of exemption (5),  
26 photoprocessing is deemed to be a manufacturing process of

1 tangible personal property for wholesale or retail sale; (2)  
2 "assembling process" shall mean the production of any article  
3 of tangible personal property, whether such article is a  
4 finished product or an article for use in the process of  
5 manufacturing or assembling a different article of tangible  
6 personal property, by the combination of existing materials in  
7 a manner commonly regarded as assembling which results in a  
8 material of a different form, use or name; (3) "machinery"  
9 shall mean major mechanical machines or major components of  
10 such machines contributing to a manufacturing or assembling  
11 process; and (4) "equipment" shall include any independent  
12 device or tool separate from any machinery but essential to an  
13 integrated manufacturing or assembly process; including  
14 computers used primarily in a manufacturer's computer assisted  
15 design, computer assisted manufacturing (CAD/CAM) system; or  
16 any subunit or assembly comprising a component of any machinery  
17 or auxiliary, adjunct or attachment parts of machinery, such as  
18 tools, dies, jigs, fixtures, patterns and molds; or any parts  
19 which require periodic replacement in the course of normal  
20 operation; but shall not include hand tools. Equipment includes  
21 chemicals or chemicals acting as catalysts but only if the  
22 chemicals or chemicals acting as catalysts effect a direct and  
23 immediate change upon a product being manufactured or assembled  
24 for wholesale or retail sale or lease. The purchaser of such  
25 machinery and equipment who has an active resale registration  
26 number shall furnish such number to the seller at the time of

1 purchase. The user of such machinery and equipment and tools  
2 without an active resale registration number shall prepare a  
3 certificate of exemption for each transaction stating facts  
4 establishing the exemption for that transaction, which  
5 certificate shall be available to the Department for inspection  
6 or audit. The Department shall prescribe the form of the  
7 certificate.

8 Any informal rulings, opinions or letters issued by the  
9 Department in response to an inquiry or request for any opinion  
10 from any person regarding the coverage and applicability of  
11 exemption (5) to specific devices shall be published,  
12 maintained as a public record, and made available for public  
13 inspection and copying. If the informal ruling, opinion or  
14 letter contains trade secrets or other confidential  
15 information, where possible the Department shall delete such  
16 information prior to publication. Whenever such informal  
17 rulings, opinions, or letters contain any policy of general  
18 applicability, the Department shall formulate and adopt such  
19 policy as a rule in accordance with the provisions of the  
20 Illinois Administrative Procedure Act.

21 On and after July 1, 1987, no entity otherwise eligible  
22 under exemption (3) of this Section shall make tax free  
23 purchases unless it has an active exemption identification  
24 number issued by the Department.

25 The purchase, employment and transfer of such tangible  
26 personal property as newsprint and ink for the primary purpose

1 of conveying news (with or without other information) is not a  
2 purchase, use or sale of service or of tangible personal  
3 property within the meaning of this Act.

4 "Serviceman" means any person who is engaged in the  
5 occupation of making sales of service.

6 "Sale at retail" means "sale at retail" as defined in the  
7 Retailers' Occupation Tax Act.

8 "Supplier" means any person who makes sales of tangible  
9 personal property to servicemen for the purpose of resale as an  
10 incident to a sale of service.

11 "Serviceman maintaining a place of business in this State",  
12 or any like term, means and includes any serviceman:

13 1. having or maintaining within this State, directly or  
14 by a subsidiary, an office, distribution house, sales  
15 house, warehouse or other place of business, or any agent  
16 or other representative operating within this State under  
17 the authority of the serviceman or its subsidiary,  
18 irrespective of whether such place of business or agent or  
19 other representative is located here permanently or  
20 temporarily, or whether such serviceman or subsidiary is  
21 licensed to do business in this State;

22 2. soliciting orders for tangible personal property by  
23 means of a telecommunication or television shopping system  
24 (which utilizes toll free numbers) which is intended by the  
25 retailer to be broadcast by cable television or other means  
26 of broadcasting, to consumers located in this State;

1           3. pursuant to a contract with a broadcaster or  
2 publisher located in this State, soliciting orders for  
3 tangible personal property by means of advertising which is  
4 disseminated primarily to consumers located in this State  
5 and only secondarily to bordering jurisdictions;

6           4. soliciting orders for tangible personal property by  
7 mail if the solicitations are substantial and recurring and  
8 if the retailer benefits from any banking, financing, debt  
9 collection, telecommunication, or marketing activities  
10 occurring in this State or benefits from the location in  
11 this State of authorized installation, servicing, or  
12 repair facilities;

13           5. being owned or controlled by the same interests  
14 which own or control any retailer engaging in business in  
15 the same or similar line of business in this State;

16           6. having a franchisee or licensee operating under its  
17 trade name if the franchisee or licensee is required to  
18 collect the tax under this Section;

19           7. pursuant to a contract with a cable television  
20 operator located in this State, soliciting orders for  
21 tangible personal property by means of advertising which is  
22 transmitted or distributed over a cable television system  
23 in this State; or

24           8. engaging in activities in Illinois, which  
25 activities in the state in which the supply business  
26 engaging in such activities is located would constitute

1 maintaining a place of business in that state.

2 (Source: P.A. 92-484, eff. 8-23-01; 93-23, eff. 6-20-03; 93-24,  
3 eff. 6-20-03; 93-1033, eff. 9-3-04.)

4 Section 10. The Service Occupation Tax Act is amended by  
5 changing Section 2 as follows:

6 (35 ILCS 115/2) (from Ch. 120, par. 439.102)

7 Sec. 2. "Transfer" means any transfer of the title to  
8 property or of the ownership of property whether or not the  
9 transferor retains title as security for the payment of amounts  
10 due him from the transferee.

11 "Cost Price" means the consideration paid by the serviceman  
12 for a purchase valued in money, whether paid in money or  
13 otherwise, including cash, credits and services, and shall be  
14 determined without any deduction on account of the supplier's  
15 cost of the property sold or on account of any other expense  
16 incurred by the supplier. When a serviceman contracts out part  
17 or all of the services required in his sale of service, it  
18 shall be presumed that the cost price to the serviceman of the  
19 property transferred to him by his or her subcontractor is  
20 equal to 50% of the subcontractor's charges to the serviceman  
21 in the absence of proof of the consideration paid by the  
22 subcontractor for the purchase of such property.

23 "Department" means the Department of Revenue.

24 "Person" means any natural individual, firm, partnership,

1 association, joint stock company, joint venture, public or  
2 private corporation, limited liability company, and any  
3 receiver, executor, trustee, guardian or other representative  
4 appointed by order of any court.

5 "Sale of Service" means any transaction except:

6 (a) A retail sale of tangible personal property taxable  
7 under the Retailers' Occupation Tax Act or under the Use Tax  
8 Act.

9 (b) A sale of tangible personal property for the purpose of  
10 resale made in compliance with Section 2c of the Retailers'  
11 Occupation Tax Act.

12 (c) Except as hereinafter provided, a sale or transfer of  
13 tangible personal property as an incident to the rendering of  
14 service for or by any governmental body or for or by any  
15 corporation, society, association, foundation or institution  
16 organized and operated exclusively for charitable, religious  
17 or educational purposes or any not-for-profit corporation,  
18 society, association, foundation, institution or organization  
19 which has no compensated officers or employees and which is  
20 organized and operated primarily for the recreation of persons  
21 55 years of age or older. A limited liability company may  
22 qualify for the exemption under this paragraph only if the  
23 limited liability company is organized and operated  
24 exclusively for educational purposes.

25 (d) A sale or transfer of tangible personal property as an  
26 incident to the rendering of service for interstate carriers

1 for hire for use as rolling stock moving in interstate commerce  
2 or lessors under leases of one year or longer, executed or in  
3 effect at the time of purchase, to interstate carriers for hire  
4 for use as rolling stock moving in interstate commerce, and  
5 equipment operated by a telecommunications provider, licensed  
6 as a common carrier by the Federal Communications Commission,  
7 which is permanently installed in or affixed to aircraft moving  
8 in interstate commerce.

9 (d-1) A sale or transfer of tangible personal property as  
10 an incident to the rendering of service for owners, lessors or  
11 shippers of tangible personal property which is utilized by  
12 interstate carriers for hire for use as rolling stock moving in  
13 interstate commerce, and equipment operated by a  
14 telecommunications provider, licensed as a common carrier by  
15 the Federal Communications Commission, which is permanently  
16 installed in or affixed to aircraft moving in interstate  
17 commerce.

18 (d-1.1) On and after July 1, 2003 and through June 30,  
19 2004, a sale or transfer of a motor vehicle of the second  
20 division with a gross vehicle weight in excess of 8,000 pounds  
21 as an incident to the rendering of service if that motor  
22 vehicle is subject to the commercial distribution fee imposed  
23 under Section 3-815.1 of the Illinois Vehicle Code. Beginning  
24 on July 1, 2004 and through June 30, 2005, the use in this  
25 State of motor vehicles of the second division: (i) with a  
26 gross vehicle weight rating in excess of 8,000 pounds; (ii)



1 that are subject to the commercial distribution fee imposed  
2 under Section 3-815.1 of the Illinois Vehicle Code; and (iii)  
3 that are primarily used for commercial purposes. Through June  
4 30, 2005, this exemption applies to repair and replacement  
5 parts added after the initial purchase of such a motor vehicle  
6 if that motor vehicle is used in a manner that would qualify  
7 for the rolling stock exemption otherwise provided for in this  
8 Act. For purposes of this paragraph, "used for commercial  
9 purposes" means the transportation of persons or property in  
10 furtherance of any commercial or industrial enterprise whether  
11 for-hire or not.

12 (d-2) The repairing, reconditioning or remodeling, for a  
13 common carrier by rail, of tangible personal property which  
14 belongs to such carrier for hire, and as to which such carrier  
15 receives the physical possession of the repaired,  
16 reconditioned or remodeled item of tangible personal property  
17 in Illinois, and which such carrier transports, or shares with  
18 another common carrier in the transportation of such property,  
19 out of Illinois on a standard uniform bill of lading showing  
20 the person who repaired, reconditioned or remodeled the  
21 property as the shipper or consignor of such property to a  
22 destination outside Illinois, for use outside Illinois.

23 (d-3) A sale or transfer of tangible personal property  
24 which is produced by the seller thereof on special order in  
25 such a way as to have made the applicable tax the Service  
26 Occupation Tax or the Service Use Tax, rather than the

1 Retailers' Occupation Tax or the Use Tax, for an interstate  
2 carrier by rail which receives the physical possession of such  
3 property in Illinois, and which transports such property, or  
4 shares with another common carrier in the transportation of  
5 such property, out of Illinois on a standard uniform bill of  
6 lading showing the seller of the property as the shipper or  
7 consignor of such property to a destination outside Illinois,  
8 for use outside Illinois.

9 (d-4) Until January 1, 1997, a sale, by a registered  
10 serviceman paying tax under this Act to the Department, of  
11 special order printed materials delivered outside Illinois and  
12 which are not returned to this State, if delivery is made by  
13 the seller or agent of the seller, including an agent who  
14 causes the product to be delivered outside Illinois by a common  
15 carrier or the U.S. postal service.

16 (e) A sale or transfer of machinery and equipment used  
17 primarily in the process of the manufacturing or assembling,  
18 either in an existing, an expanded or a new manufacturing  
19 facility, of tangible personal property for wholesale or retail  
20 sale or lease, whether such sale or lease is made directly by  
21 the manufacturer or by some other person, whether the materials  
22 used in the process are owned by the manufacturer or some other  
23 person, or whether such sale or lease is made apart from or as  
24 an incident to the seller's engaging in a service occupation  
25 and the applicable tax is a Service Occupation Tax or Service  
26 Use Tax, rather than Retailers' Occupation Tax or Use Tax.

1 (f) Until July 1, 2003, the sale or transfer of  
2 distillation machinery and equipment, sold as a unit or kit and  
3 assembled or installed by the retailer, which machinery and  
4 equipment is certified by the user to be used only for the  
5 production of ethyl alcohol that will be used for consumption  
6 as motor fuel or as a component of motor fuel for the personal  
7 use of such user and not subject to sale or resale.

8 (g) At the election of any serviceman ~~not required to be~~  
9 ~~otherwise registered as a retailer under Section 2a of the~~  
10 ~~Retailers' Occupation Tax Act~~, made for each fiscal year sales  
11 of service in which the aggregate annual cost price of tangible  
12 personal property transferred as an incident to the sales of  
13 service is less than 35% (75% in the case of servicemen  
14 transferring prescription drugs or servicemen engaged in  
15 graphic arts production) of the aggregate annual total gross  
16 receipts from all sales of service. The purchase of such  
17 tangible personal property by the serviceman shall be subject  
18 to tax under the Retailers' Occupation Tax Act and the Use Tax  
19 Act. However, if a primary serviceman who has made the election  
20 described in this paragraph subcontracts service work to a  
21 secondary serviceman who has also made the election described  
22 in this paragraph, the primary serviceman does not incur a Use  
23 Tax liability if the secondary serviceman (i) has paid or will  
24 pay Use Tax on his or her cost price of any tangible personal  
25 property transferred to the primary serviceman and (ii)  
26 certifies that fact in writing to the primary serviceman.

1           Tangible personal property transferred incident to the  
2 completion of a maintenance agreement is exempt from the tax  
3 imposed pursuant to this Act.

4           Exemption (e) also includes machinery and equipment used in  
5 the general maintenance or repair of such exempt machinery and  
6 equipment or for in-house manufacture of exempt machinery and  
7 equipment. For the purposes of exemption (e), each of these  
8 terms shall have the following meanings: (1) "manufacturing  
9 process" shall mean the production of any article of tangible  
10 personal property, whether such article is a finished product  
11 or an article for use in the process of manufacturing or  
12 assembling a different article of tangible personal property,  
13 by procedures commonly regarded as manufacturing, processing,  
14 fabricating, or refining which changes some existing material  
15 or materials into a material with a different form, use or  
16 name. In relation to a recognized integrated business composed  
17 of a series of operations which collectively constitute  
18 manufacturing, or individually constitute manufacturing  
19 operations, the manufacturing process shall be deemed to  
20 commence with the first operation or stage of production in the  
21 series, and shall not be deemed to end until the completion of  
22 the final product in the last operation or stage of production  
23 in the series; and further for purposes of exemption (e),  
24 photoprocessing is deemed to be a manufacturing process of  
25 tangible personal property for wholesale or retail sale; (2)  
26 "assembling process" shall mean the production of any article

1 of tangible personal property, whether such article is a  
2 finished product or an article for use in the process of  
3 manufacturing or assembling a different article of tangible  
4 personal property, by the combination of existing materials in  
5 a manner commonly regarded as assembling which results in a  
6 material of a different form, use or name; (3) "machinery"  
7 shall mean major mechanical machines or major components of  
8 such machines contributing to a manufacturing or assembling  
9 process; and (4) "equipment" shall include any independent  
10 device or tool separate from any machinery but essential to an  
11 integrated manufacturing or assembly process; including  
12 computers used primarily in a manufacturer's computer assisted  
13 design, computer assisted manufacturing (CAD/CAM) system; or  
14 any subunit or assembly comprising a component of any machinery  
15 or auxiliary, adjunct or attachment parts of machinery, such as  
16 tools, dies, jigs, fixtures, patterns and molds; or any parts  
17 which require periodic replacement in the course of normal  
18 operation; but shall not include hand tools. Equipment includes  
19 chemicals or chemicals acting as catalysts but only if the  
20 chemicals or chemicals acting as catalysts effect a direct and  
21 immediate change upon a product being manufactured or assembled  
22 for wholesale or retail sale or lease. The purchaser of such  
23 machinery and equipment who has an active resale registration  
24 number shall furnish such number to the seller at the time of  
25 purchase. The purchaser of such machinery and equipment and  
26 tools without an active resale registration number shall

1 furnish to the seller a certificate of exemption for each  
2 transaction stating facts establishing the exemption for that  
3 transaction, which certificate shall be available to the  
4 Department for inspection or audit.

5 Except as provided in Section 2d of this Act, the rolling  
6 stock exemption applies to rolling stock used by an interstate  
7 carrier for hire, even just between points in Illinois, if such  
8 rolling stock transports, for hire, persons whose journeys or  
9 property whose shipments originate or terminate outside  
10 Illinois.

11 Any informal rulings, opinions or letters issued by the  
12 Department in response to an inquiry or request for any opinion  
13 from any person regarding the coverage and applicability of  
14 exemption (e) to specific devices shall be published,  
15 maintained as a public record, and made available for public  
16 inspection and copying. If the informal ruling, opinion or  
17 letter contains trade secrets or other confidential  
18 information, where possible the Department shall delete such  
19 information prior to publication. Whenever such informal  
20 rulings, opinions, or letters contain any policy of general  
21 applicability, the Department shall formulate and adopt such  
22 policy as a rule in accordance with the provisions of the  
23 Illinois Administrative Procedure Act.

24 On and after July 1, 1987, no entity otherwise eligible  
25 under exemption (c) of this Section shall make tax free  
26 purchases unless it has an active exemption identification

1 number issued by the Department.

2 "Serviceman" means any person who is engaged in the  
3 occupation of making sales of service.

4 "Sale at Retail" means "sale at retail" as defined in the  
5 Retailers' Occupation Tax Act.

6 "Supplier" means any person who makes sales of tangible  
7 personal property to servicemen for the purpose of resale as an  
8 incident to a sale of service.

9 (Source: P.A. 92-484, eff. 8-23-01; 93-23, eff. 6-20-03; 93-24,  
10 eff. 6-20-03; 93-1033, eff. 9-3-04.)